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MEMORANDUM

To: Dedham Residents

From: James A. Kern, Town Manager

Date: November 26, 2018

Subj: Update on Ames School Renovation (Town Offices & Senior Center)

The Project

The Town voted to purchase the former Ames School building at the May 2014 Annual Town Meeting for \$5.85 million. The Building Planning and Construction Committee (BPCC) conducted a request for proposals and recommended the owner's project manager (OPM), Atlantic Construction and Management Inc. (ACMI), and then a design firm, T2 Architecture, to design and administer the project. The building is the first half of what will be a municipal campus comprised of the Town Hall/Senior Center in the Ames building and a combined Public Safety Building in the location of the present Town Hall. Public building construction in Massachusetts is required to be contracted with the lowest qualified bidder. The construction contract was put out to bid under the guidance of the architect and OPM in the Spring of 2016. In order to be eligible for the contract any general contractor had to be pre-qualified through a process defined by the state Division of Capital Asset Management and Maintenance (DCAMM). CTA Construction was the lowest qualified bidder and a contract was awarded for CTA to begin construction in August of 2016 and complete construction in July of 2017.

Construction

As the renovation progressed through the winter, the OPM expressed concern about the staffing level on the job and the progress of the construction. As the summer of 2017 approached, a number of efforts were made to identify a completion date. When it became apparent that completion by the contract date was unlikely, the Town Manager began to attend the weekly job meetings, through the summer. In September, the Board of Selectmen had the design and management team and representatives from the contractor attend a public Board meeting to discuss and identify a completion date. Work progressed, but not in accordance with the dates that were provided.

In November of 2017 the Town contacted the insurance company who provided the performance surety bond for the project and communicated concerns for staffing and schedule. For a short period in early 2018 staffing on the job increased and the rate of progress improved. In early April, however, the staffing again decreased and progress slowed. In late April, the Board of Selectmen voted to terminate the construction contract for failure to perform as required. The Town then made a claim against the performance bond.

The surety company declared that it considered the termination improper. In May, the general contractor sued the Town for wrongful termination. However, in the intervening months, the Town, the contractor and the surety company have come to terms on a completion agreement, with the work to be finished by the contractor. That agreement was adopted by the Board of Selectmen on November 8th in executive session and ratified in open session on November 15th. The agreement calls for construction to be substantially complete by late April of 2019 and finally complete by early June of 2019.

Budget

The cost of the project increased compared to the estimates provided by Spagnolo and Gisness Associates (SGA) in the study they provided to the Town in 2014 subsequent to the vote to purchase the building. It's important to note that the estimate created by SGA was primarily to identify whether two functions could be housed in the building and whether the site could support the uses. Upon planning the building in earnest with the design team, there were a number of decisions made by the Building Planning and Construction Committee that increased the cost of the building, but which were critical to the proper functioning and long-term cost efficiency of the building. These items, which were not contemplated in the analysis provided by SGA, included using the front of the building as a real entrance and exit as opposed to just an exit and a ceremonial entrance, and a three-story addition in the rear of the building to provide a proper entrance for the Senior Center and other space benefits. Along with an improved site design, these changes increased the cost of construction by an estimated \$2,400,000. In addition, there were a number of work items that were not identified in the original study due to its limited scope and budget. These include seismic upgrades, structural upgrades to the 4th floor, alterations to the fire alarm system, and building upgrades required for a "5A" fire resistance rating. These changes increased the construction cost by approximately \$1,650,000.

The original estimates from SGA were \$10.1 million for construction and a total of \$12.4 million, including soft costs such as furnishing, design and administrative costs. The final budget was \$14.6 million for construction and \$17.6 million including soft costs. The increase was due to the changes in design and a larger inflation factor than was anticipated in the SGA study.

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With the delays in construction, the Town has incurred additional costs in builder's risk insurance, OPM and design/administration services, and some small escalation in furniture costs. The warrant for the November 26, 2018 Annual Town Meeting includes an appropriation for \$875,000 to pay the OPM and the design team for their effort to complete the project.

The construction contract account has just under \$2 million remaining, and can and will be used only for construction. The final accounting of costs associated with the delay and any changes to the design will be reconciled at the conclusion of the project.